

Direct Testimony of John Bell
Docket No. 3512 – Woonsocket Water Division General Rate Filing
July 2003

1 **I. STATEMENT OF QUALIFICATIONS**

2 **Q. Please state your name and address.**

3 A. My name is John Bell and my business address is the Division of Public Utilities
4 and Carriers (“Division”), 89 Jefferson Boulevard Warwick, RI 02888.

5
6 **Q. What is your position at the Division?**

7 A. I am a Public Utilities Analyst and have been employed by the Division since
8 August of 1995.

9
10 **Q. Please describe your educational background.**

11 A. I graduated from the University of Rhode Island in 1982 with a Bachelor of
12 Science degree in Business Administration. I have also completed several
13 continuing professional educational courses in the areas of utility accounting and
14 ratemaking.

15
16 **Q. Please indicate your certifications and professional memberships.**

17 A. I am a Certified Public Accountant and a member of the American Institute of
18 Certified Public Accountants (AICPA).

19
20 **Q. Please describe your employment background.**

21 A. Prior to accepting my current position with the Division, I was employed with the
22 Federal Energy Regulatory Commission (FERC) for 12 years. Between 1983 and
23 1985, I was employed as a staff auditor. In 1985 I was promoted to the position of
24 Auditor-In-Charge and I held this position until 1995. In this position, I was the
25 lead member of an audit team responsible for conducting compliance audits of
26 various electric and gas utilities under the jurisdiction of the FERC.

27
28 **Q. Have you previously testified before the Rhode Island Public Utilities**
29 **Commission (PUC)?**

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1 A. Yes. I testified before the Commission on several occasions, including the
2 Woonsocket Water Division's (WWD) previous rate filing (Docket 2904).

3
4 **II. PURPOSE OF TESTIMONY**

5 **Q. What is the purpose of your testimony?**

6 A. The purpose of my testimony is to present the Division's revenue requirement
7 position concerning the WWD's base rate filing in this docket. In developing my
8 revenue requirement recommendation, I reviewed WWD's testimony and exhibits
9 and the responses to data requests propounded upon the WWD.

10
11 **III. SUMMARY OF CONCLUSIONS**

12 **Q. What are your conclusions concerning the WWD's revenue requirement?**

13 A. Based on my review, my conclusions and recommendations are as follows:
14 1. The WWD has pro forma costs of \$5,195,069, an operating reserve allowance
15 requirement of \$51,951, and miscellaneous revenue of \$162,526, for a net
16 revenue requirement of \$5,084,494 (see Schedule JB-1).
17 2. The WWD has pro forma revenue at present rates of \$4,452,863 (see Schedule
18 JB-8).
19 3. Based on these determinations, a rate increase of \$631,631 is appropriate.
20 This represents an increase of 14.18% on total pro forma revenue at present
21 rates.

22
23 **IV. DISCUSSION OF THE ISSUES**

24 **A. SALARY AND BENEFITS**

25 **Q. How did the WWD develop its salaries and benefits claim?**

26 A. WWD based their salary claim on 33 positions and adjusted it to reflect an
27 increase in salary and wages from the test year through the rate year.

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1 FICA and pension expense is based on a percent of total salaries. WWD
2 calculated the pro forma FICA and pension expense by applying the applicable
3 FICA and pension percentage rates to the pro forma salary expense.

4
5 See Mr. Woodcock's Schedule 1.1, Page 1 of 4 for detail of WWD's salaries and
6 benefits claim.

7
8 **Q. Is WWD's request for 33 positions reasonable?**

9 A. Yes. In the WWD's last case, the Commission authorized 36 positions. During
10 the 3-year period 2000 through 2002 the actual staffing levels, as reported in
11 WWD's semi-annual reports to the Commission, ranged from a low of 29 to a
12 high of 35. Even though the actual staffing levels have been consistently below
13 the authorized level, I am not recommending a reduction in the number of
14 authorized positions. It is normal for the actual filled positions to be below the
15 authorized level due to turnover. I am recommending funding for 33 positions
16 with no reduction in the number of authorized positions.

17
18 **Q. Did you make any adjustments to WWD's salary and benefits claim?**

19 A. Yes. To calculate rate year labor expense the WWD increased the test year
20 expense by 5% annually. I reviewed the union contracts and found that the wage
21 increase for both FY '02 and FY '03 is 3% annually. I recommend adjusting the
22 rate year labor expense to reflect the wage increases from the labor contracts.
23 This adjustment also impacts FICA and pension costs because they are calculated
24 based on a percentage of labor costs. My calculation of the adjustments to
25 salaries, FICA and Pension costs are shown on Schedule JB-2.

26
27 **B. MAINTENANCE - ROADS & WALKS**

28 **Q. What level of Roads & Walks Maintenance expense did the WWD include in**
29 **its pro forma cost of service?**

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1 A. WWD included \$111,910, which is an increase of \$34,231 over the test year
2 amount.

3

4 **Q. Why is there such a large increase in Road & Walks Maintenance expense**
5 **from the test year to the rate year?**

6 A. Mr. Marvel explains in his testimony that in fiscal year 2003 the City instituted a
7 full width-paving requirement for patches in roads that have been resurfaced
8 within five years.

9

10 **Q. Are you recommending any adjustments to the amount the WWD projected**
11 **for the rate year?**

12 A. No. The WWD based their rate year estimate of \$111,910 on 5 months of actual
13 activity for fiscal year 2003. In response to Division Data request 1-32, the WWD
14 provided the actual activity for the full 2003 fiscal year. This shows that the total
15 expense was \$150,686. Since this amount is higher than the WWD rate year
16 claim and due to the change in the City paving policy, I am not recommending any
17 adjustments to WWD claim of \$111,910

18

19 **C. LIGHT & POWER EXPENSE**

20 **Q. What level of Light & Power Expense did WWD include in its pro forma cost**
21 **of service?**

22 A. WWD included light & Power expense of \$221,394 in its cost of service, which is
23 a \$19,063 increase over the test year amount.

24

25 **Q. How did WWD arrive at this amount?**

26 A. WWD annualized six months of actual expenses.

27

28 **Q. Is WWD's method for calculating its pro forma light & power expense**
29 **appropriate?**

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1 A. No. Electricity usage fluctuates seasonally based on water production and
2 demand. Therefore annualizing six months of actual bills does not take into
3 account fluctuations in usage.

4
5 **Q. What level of light & power expense do you recommend?**

6 A. I recommend the actual expense from the test year, which was \$202,331. I'm
7 recommending this level of expense for two reasons. The first is that the WWD
8 did not make a claim for higher electric usage. The second reason is that electric
9 rates have been stable since the test year. Narragansett Electric's distribution rates
10 have been frozen and will remain frozen through the end of calendar year 2004.
11 In addition the WWD obtains its power supply from a marketer at a fixed rate
12 through the end of calendar year 2003. Though the rate expires in the middle of
13 the rate year, there is no information available to determine whether power costs
14 will be higher or lower in 2004. As a result I recommend no change in light &
15 power expense from the test year.

16

17 **D. PROPERTY & FIRE TAX**

18 **Q. What level of property & fire tax expense did WWD include in its pro forma**
19 **cost of service?**

20 A. WWD included property & fire tax expense of \$167,698 in its cost of service.
21 This is an increase of \$29,574 over the test year.

22

23 **Q. How did WWD arrive at this amount?**

24 A. WWD based its claim on actual fiscal year 2003 property & fire taxes. Since
25 WWD's claim is based on actual bills, I do not recommend any adjustments to
26 their claim.

27

28

29

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E. SEWER ASSESSMENT

Q. What level of sewer expense did WWD include in its pro forma cost of service?

A. WWD included sewer expense of \$158,360 in its cost of service. This is an increase of \$69,873 over the test year.

Q. How did WWD arrive at this amount?

A. WWD annualized the December '02 quarterly sewer use and the December '02 monthly pretreatment bill.

Q. Is WWD's method for calculating its sewer expense appropriate?

A. No. The WWD based their claim on the December '02 actual bills to reflect higher sewer rates that went in place in FY 03. However, annualizing a quarterly sewer use bill and a monthly pretreatment bill does not take into account seasonal fluctuations in usage.

Q. How do you recommend the rate year sewer expense be computed?

A. I would recommend using the FY '03 actual sewer expense for the rate year. This would reflect an entire year of usage at the new rate. However, as of this writing an entire year of sewer bills were not available. Sewer bills for the first nine months of FY '03 are available, so as an alternative I recommend annualizing the actual expense for those nine months to arrive at the rate year allowance. I would not be opposed to updating my position to reflect actual FY '03 expense when it becomes available. My adjustment to the WWD's claim for sewer expense is shown on Schedule JB-4.

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1 F. CHEMICAL EXPENSE

2 Q. What level of chemical expense did WWD include in its pro forma cost of
3 service?

4 A. WWD proposed no changes to its current funding level for chemicals. The
5 current funding level is \$213,884 and this amount is restricted.

6

7 Q. Are you proposing any adjustments to WWD's pro forma chemical expense?

8 A. No. The restricted chemical account is used to cover the cost of chemicals as well
9 as the replacement of granular activated carbon filters. The most recent five year
10 average expenditure from the chemical account was \$249,544. Therefore, the
11 amount built into rates is actually lower than the average expenditure. The WWD
12 has been able to make up the difference by using the accumulated balance in the
13 restricted account. The balance in the restricted account at the end of February
14 2003 was \$262,119. So even though the funding level is below the average
15 annual expenditure, the WWD will still be able to make up any shortfall through
16 the accumulated balance in the restricted account. I believe WWD's proposal to
17 continue funding the chemical account at its current level is reasonable, therefore I
18 am not proposing any adjustments.

19

20 G. POSTAGE EXPENSE

21 Q. What level of postage expense did WWD include in its pro forma cost of
22 service?

23 A. WWD included postage expense of \$15,216 in its cost of service.

24

25 Q. How did WWD arrive at this amount?

26 A. WWD calculated this amount by increasing the test year amount by the increase in
27 postage increase from \$.34 to \$.37 and then adding to it the postage cost of
28 sending its customers the notification concerning this rate case.

29

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1 **Q. Are you recommending any adjustments to the WWD claim for postage**
2 **expense?**

3 Yes, I recommend the WWD use the funds in its restricted rate case expense
4 account to cover the cost of the notification concerning this rate case.

5
6 **Q. Please explain your adjustment.**

7 A. The mailing of the notification to customers concerning the rate case is a direct
8 expense of the rate filing and should be included for recovery as part of its rate
9 case expense as opposed to postage expense. The WWD has a restricted account
10 to cover rate case expenses. At the end of February 2003, there was \$202,000 in
11 the account. Since the WWD has sufficient funds in its restricted account to
12 cover the cost of the mailing I recommend they use the funds in that account to
13 cover the mailing cost of the notification. Therefore, I adjusted WWD's cost of
14 service claim by \$3,517, which is WWD's estimate of the postage for the rate
15 increase notification. This results in pro forma postage expense in the rate year of
16 \$11,699 (See Schedule JB-3).

17
18 **H. RATE CASE EXPENSE**

19 **Q. What level of rate case expense did WWD include in its pro forma cost of**
20 **service?**

21 A. The WWD estimated total rate case expense for this filing of \$100,000 and
22 proposed amortizing the cost over 3 years, which results in annual expense of
23 \$33,333. However, the WWD did not propose increasing the \$20,000 level of
24 rate case expense that is currently in rates.

25
26 **Q. Do you believe recovery of rate case expense over a 3-year period is**
27 **appropriate?**

28 A. Normally I would agree that a 3-year amortization is reasonable because it is
29 appropriate to amortize rate case costs over the time period that rates are expected

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1 to be in place. However, in this case I am recommending an amortization period
2 of 5-years for two reasons. The first is that the WWD has a history of infrequent
3 rate filings. WWD's last rate filing was made four years ago in 1999 and the one
4 before that was six years prior in 1993. The second is that the WWD has
5 approximately \$200,000 in its restricted rate case expense account that it can use
6 to pay the bills associated with this case, which allows the WWD to be able to
7 afford a 5-year amortization period without hurting its cash flow.

8

9 **Q. Do you believe WWD's estimate of total rate case expense is reasonable?**

10 A. No, I believe WWD's estimate is too high. The detail of WWD's \$100,000
11 estimate is contained on Mr. Woodcock's Schedule 1.1, Page 4 of 4. The estimate
12 includes \$70,000 related to WWD'S filing, hearings, transcripts and
13 miscellaneous other costs. It also includes \$10,000 related to the Attorney
14 General's Office and \$20,000 related to Division expenses. The Attorney
15 General's Office does not bill out any costs related to its participation in this case.
16 The Division engaged one outside consultant for this rate case and expects the
17 consultant's fee will not exceed a few thousand dollars. Removing the \$10,000
18 related to the Attorney General's Office and \$18,000 of Division related costs,
19 and adding in the postage cost of \$3,517 results in total estimated rate case
20 expense of \$75,517. Amortizing this amount over 5 years results in rate case
21 expense of \$15,103 or an adjustment of \$4,897 to WWD's claim. Because the
22 rate case expense estimate is preliminary, I recommend the Commission require
23 the parties to provide an updated estimate of their costs at or near the conclusion
24 of the case in order to get a more accurate estimate of total rate case expense and
25 adjust the allowance accordingly.

26

27 **I. DEBT SERVICE**

28 **Q. What level of debt service funding did the WWD include in its pro forma**
29 **cost of service?**

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1 A. The WWD included \$912,688 in its pro forma cost of service. This is a decrease
2 of \$6,553 from the test year
3

4 **Q. How did the WWD arrive at this amount?**

5 A. The amount is based on the actual debt service in the rate year for the 1988 and
6 1994 bond issues, plus \$150,000 for interest on the 2003 Rhode Island Clean
7 Water Finance Agency (RICWFA) Bond.
8

9 **Q. Did you propose any adjustments to WWD's request?**

10 A. Yes. In Docket D-02-31, the Division approved the WWD's application related
11 to the 2003 RICWFA Bond. In its application, the WWD proposed using the
12 proceeds for tank replacement, a transmission main replacement and a meter
13 change out program. Because the projects, except for the meter change out
14 program, were part of the DOH approved IFR plan, the WWD proposed using IFR
15 funds to make debt service payments on the portion of the loan related to the IFR
16 projects and to use the debt service account to make payments on the balance of
17 the loan. It is my understanding that the WWD has not begun the meter change
18 out program so all payments on the loan in the rate year are related to IFR
19 projects. Therefore, I recommend that the WWD use IFR funds to make the
20 interest payment on the RICWFA loan in the rate year. As a result I am
21 recommending WWD proposed debt service level be reduced by the \$150,000.
22 This results in a funding level of \$762,688.
23

24 **J. INFRASTRUCTURE REPLACEMENT**

25 **Q. What level of infrastructure replacement (IFR) funding did the WWD**
26 **include in its pro forma cost of service?**

27 A. The WWD requested a \$174,395 increase in annual IFR funding for a total annual
28 funding level of \$825,000.
29

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Q. Please discuss the Division's position concerning the WWD's IFR request.

A. In WWD's last rate case the Commission approved an annual IFR funding level of \$650,605 for the WWD to begin its IFR program. The WWD has been funding the IFR account in accordance with the Commission order and has used the funds to complete the construction of a new 3 million gallon prestressed concrete storage tank, rehabilitate the Rhodes Avenue, Harris Pond and the Diamond Hill pump stations, and has begun design of several other projects. WWD's Department of Health (DOH) approved IFR plan includes estimated infrastructure needs for the first 5 years of the program of \$15,855,960 which amounts to an annual funding level on a pay as you go basis of \$3.1 million. Based on the needs outlined in the IFR plan, I am not proposing any adjustments to the WWD's request for an annual funding level of \$825,000.

K. Insurance

Q. Please discuss the WWD's rate year claim for insurance costs.

A. Following is a table that summarizes WWD's insurance request:

Description	Rate Year Request	Basis for Rate Year Claim
Vehicles	\$25,500	FY 03 actual increased by 15%
Worker's Comp	\$72,527	FY 03 actual increased by 15%
Liability	\$91,857	FY 03 actual increased by 15%
Group Life	\$6,357	FY 03 actual increased by 15%
Health	\$346,434	FY 03 actual increased by 15%
Dental	\$25,555	FY 03 actual increased by 4%

The percentage increases in insurance costs are based on information the City Finance Department supplied to the WWD.

Q. Did you propose any adjustments to WWD's request?

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1 A. Yes. I recommend using the FY 03 actual expense. WWD based their increase
2 on inflation factors used by the City's Finance Department for budgeting
3 purposes. These factors are not known and measurable amounts. Rather they
4 were estimates used for budgeting purposes and should not be included for
5 ratemaking purposes. My adjustment to WWD's insurance claim is shown on
6 Schedule JB-5. If the WWD has evidence that supports a higher level of
7 insurance expense in the rate year then they should present that information for
8 consideration as soon as possible.
9

10 **L. OPERATING RESERVE**

11 **Q. Have you included an operating reserve allowance in your calculation of the**
12 **pro forma rate year cost of service?**

13 A. Yes. I included an operating reserve and based it on 1% of total expenses.
14 Except for the percentage rate, my method of calculating the reserve is the same
15 method WWD used in its filing and it is the same method the Commission
16 allowed in WWD's last rate case. In its filing the WWD calculated the reserve
17 based on 1.5% of total expenses. I have reduced the percentage to 1% in this case
18 in order to help mitigate the rate increase and also to take into consideration the
19 Commission's recent decision to set the operating reserve at 1% in the
20 Narragansett Bay Commission's rate case. Applying the 1% allowance to my
21 total pro forma rate year expenses, I calculated an operating reserve of \$51,951,
22 which is \$31,174 less than WWD's claim of \$83,125.
23

24 **M. PRO FORMA REVENUE**

25 **Q. How did WWD develop its present rate revenue?**

26 A. Mr. Woodcock's Schedule 4.0 shows WWD's calculation of total rates and
27 charges at present rates of \$4,386,677. This amount includes \$919,989 related to
28 fire and service charges and \$3,466,688 related to metered sales revenue. Metered

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1 sales revenue is based on consumption of 1,796,212 hundred cubic feet (HCF),
2 which represents test year sales adjusted for the loss of 3 large customers.

3
4 **Q. Did you review any information to determine whether the WWD's use of the**
5 **adjusted test year sales was reasonable?**

6 A. Yes. I reviewed the water statistics reported in WWD's annual report for the six
7 year period 1997 – 2002. The pertinent information I reviewed includes:

Fiscal Year	Residential Customers	Residential Consumption (HCF)	Comm/Ind Customers	Comm/Ind Consumption (HCF)
1997	8,186	1,126,137	1,213	836,074
1998	8,192	1,189,154	1,220	862,632
1999	8,221	1,135,702	1,218	738,642
2000	8,229	1,327,908	1,222	764,074
2001	8,256	1,134,008	1,225	796,481
2002	8,284	1,111,957	1,226	748,354

8
9 **Q. What are your conclusions and recommendations concerning consumption?**

10 Based on my review of the above data, it appears that customer growth in both the
11 residential and Commercial/Industrial classes is almost non-existent. Residential
12 consumption appears relatively consistent except for the years 2000 when it was
13 unusually high and 2002 when it was somewhat lower than the other years.

14 Therefore, the use of the test year consumption is not a good indicator of typical
15 residential consumption. As an alternative I recommend using the average for the
16 year 1997, 1998, 1999 and 2001. The average for these years was 1,146,250
17 HCF.

18
19 Commercial/Industrial consumption has declined fairly consistently over the
20 years. Because of this decline I am not opposed to using WWD's consumption
21 level of 684,255 for the Commercial/Industrial class. This amount represents the
22 test year consumption level adjusted for the lost customers and is outlined in Mr.
23 Woodcock's schedule 2.0.

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N. Rate Design

9

Q. How did the WWD propose to recovery the increased revenues requested in this case?

10

11

A. The WWD proposed an across the board increase to all rates and charges. Since this is an abbreviated rate filing I believe this proposal is reasonable. In addition, rate design changes were made in the last case as the result of a full cost allocation study.

12

13

14

15

16

Q. Does this conclude your testimony?

17

A. The WWD recently provided me with updated cost information, however I did not have time to incorporate it into my testimony. I'm of the understanding that the WWD will provide the updated cost information as part of its rebuttal testimony. I reserve the right to comment on the updated information as part of my surrebuttal testimony. Otherwise this completes my testimony.

18

19

20

21

**Woonsocket Water Division
Docket 3512
Division's Revenue Requirement Summary
Rate Year Ending June 30, 2004**

	Test Year (6/30/02) (A)	WWD Adjustments (A)	WWD's Rate Year Request (6/30/04) (A)	Division's Adjustments	Division's Rate Year Position (6/30/04)
Personnel Costs					
1. Permanent Services	\$ 893,457	\$ 186,124	\$ 1,079,581	(45,808) (B)	\$ 1,033,773
2. Long Term Worker's Comp	-	-	-	-	-
3. Temporary Labor	15,191	-	15,191	-	15,191
4. Overtime Pay	142,182	14,517	156,699	-	156,699
5. Out Of Class Pay	901	92	993	-	993
6. Longevity Pay	25,409	14,514	39,923	-	39,923
7. Medical Buy Back	2,000	2,000	4,000	-	4,000
8. Sick Leave Reimbursement	16,718	-	16,718	-	16,718
9. Comp Time Reimbursement	501	-	501	-	501
10. Non-sick/Injury Bonus	1,500	-	1,500	-	1,500
11. Bonuse for Course	14,500	4,655	19,155	-	19,155
12. Shift Differential	9,756	1,989	11,745	-	11,745
13. Subtotal	1,122,115	223,891	1,346,006	(45,808)	1,300,198
Maintenance & Servicing					
14. Postage	10,750	4,466	15,216	(3,517) (C)	11,699
15. Telephone	36,152	-	36,152	-	36,152
16. Dues & Subscriptions	1,370	-	1,370	-	1,370
17. Advertising	2,942	-	2,942	-	2,942
18. Travel Within City	-	-	-	-	-
19. Travel Out of City	1,999	301	2,300	-	2,300
20. Education Training	9,553	-	9,553	-	9,553
21. Printing & Reproducing	10,827	-	10,827	-	10,827
22. General Maint. & Upkeep	62,866	-	62,866	-	62,866
23. Vehicle & Outside Equip. Upkeep	11,598	-	11,598	-	11,598
24. Maintenance - Office Equipment	2,228	-	2,228	-	2,228
25. Maintenance - Roads & Walks	77,679	34,231	111,910	-	111,910
26. Computer Software	1,081	-	1,081	-	1,081
27. Rental - Vehicles & Outside Equip.	-	-	-	-	-
28. Land Rental Charges	2,043	-	2,043	-	2,043
29. Other Rentals	1,500	-	1,500	-	1,500
30. Heating	10,675	-	10,675	-	10,675
31. Light & Power	202,331	19,063	221,394	(19,063) (D)	202,331
32. Property & Fire Tax	138,124	29,574	167,698	-	167,698
33. Sewer Assessment	88,487	69,873	158,360	(47,106) (E)	111,254
34. State Pollution Monitoring Prgm	16,917	-	16,917	-	16,917
35. Regulatory Assessments	25,290	-	25,290	-	25,290
36. Conservation Services	-	1,135	1,135	-	1,135
37. Police Details	8,423	-	8,423	-	8,423
38. Other Independent Service	10,729	(3,700)	7,029	-	7,029
39. Medical Exams	166	306	472	-	472
40. Audit Service	6,532	-	6,532	-	6,532
41. Engineering Service	61,943	-	61,943	-	61,943
42. Subtotal	802,205	155,249	957,454	(69,686)	887,768
Operating Supplies					
41. Office Supplies & Expenses	3,991	-	3,991	-	3,991
42. Gas & Diesel Fuel	9,202	5,798	15,000	-	15,000
43. Tires & Batteries	1,899	796	2,695	-	2,695
44. Chemicals (Restricted Account)	213,884	-	213,884	-	213,884
45. Tools & Implements	1,724	-	1,724	-	1,724
46. Cleaning & Housekeep. Supplies	2,937	-	2,937	-	2,937
47. Other Supplies	80,355	-	80,355	-	80,355
48. Lab Supplies	22,094	2,906	25,000	-	25,000
49. Clothing & Footwear - Crew	6,855	-	6,855	-	6,855
50. Medical Supplies	689	1,714	2,403	-	2,403
51. Clothing Allowance	3,467	-	3,467	-	3,467
52. Subtotal	347,097	11,214	358,311	-	358,311

**Woonsocket Water Division
Docket 2904
Division's Revenue Requirement Summary
Rate Year Ending June 30, 2000**

	Test Year (6/30/02)	WWD Adjustments	WWD's Rate Year Request (6/30/04)	Division's Adjustments	Division's Rate Year Position (6/30/04)
<u>General Charges</u>					
55. Fiscal Certification	4,488	-	4,488	-	4,488
56. Pensions	-	26,786	26,786	(912) (B)	25,874
57. FICA Employer Cost	85,857	17,112	102,969	(3,504) (B)	99,465
58. City Services Charge	265,022	-	265,022	-	265,022
59. Insurance - Vehicles	19,282	6,218	25,500	(3,326) (F)	22,174
60. Insurance - Worker's Comp.	57,306	15,221	72,527	(9,460) (F)	63,067
61. Insurance - Liability	69,457	22,400	91,857	(11,981) (F)	79,876
62. Insurance - Group Life	5,528	829	6,357	(829) (F)	5,528
63. Health Insurance	252,512	93,922	346,434	(45,187) (F)	301,247
64. Dental Insurance	20,612	4,938	25,550	(983) (F)	24,567
65. Restricted Accounts					
66. Renewal & Replacement Fund	200,000	(50,000)	150,000	-	150,000
67. Rate Case Expense	20,000	-	20,000	(4,897) (G)	15,103
68. IFR	650,605	174,395	825,000	-	825,000
70. Debt Service (non-IFR)	919,241	(6,553)	912,688	(150,000) (H)	762,688
71. Claims	4,693	-	4,693	-	4,693
73. Subtotal	<u>2,574,603</u>	<u>305,268</u>	<u>2,879,871</u>	<u>(231,079)</u>	<u>2,648,792</u>
74. TOTAL EXPENSES	<u>4,846,020</u>	<u>695,622</u>	<u>5,541,642</u>	<u>(346,573)</u>	<u>5,195,069</u>
75. Plus: Operating Reserve	15,703	67,422	83,125	(31,173.94)	51,951
<u>Less Misc. Income</u>					
76. Services & Extensions	(9,340)	(2,247)	(11,587)	-	(11,587)
77. Misc. Income	(2,736)	(658)	(3,394)	-	(3,394)
78. Interest on Bills	(104,303)	-	(104,303)	-	(104,303)
79. Interest on Investments	(43,242)	-	(43,242)	-	(43,242)
80. Total Misc Income	<u>(159,621)</u>	<u>(2,905)</u>	<u>(162,526)</u>	<u>-</u>	<u>(162,526)</u>
81. Total Net Revenue Requirement	<u>\$ 4,702,102</u>	<u>\$ 760,139</u>	<u>\$ 5,462,241</u>	<u>(377,747)</u>	<u>\$ 5,084,494</u>
82. Present Rate Revenue	4,386,677		4,386,677	66,186	4,452,863
83. Required Rate Increase			1,075,564		631,631
84. Percentage Increase			24.52%		14.18%

Sources/Explanations:

- (A) CW Schedule 1.
- (B) Schedule JB-2.
- (C) Schedule JB-3.
- (D) Schedule JB-4.
- (E) Schedule JB-5.
- (F) Schedule JB-6.
- (G) Schedule JB-7.
- (H) Schedule JB-8.
- (I) CW Schedule 7.
- (J) Schedule JB-9.
- (K) See Written Testimony for Explanation of Adjustment.

Schedule JB-2

**Woonsocket Water Division
Docket 3512
Rate Year Ending June 30, 2004
Labor**

Description	Amount	
1. Total Test Year Salaries	974,430	(A)
2. Adjustment to Reflect Contractual Wage Increases (2 yrs. @3%)	59,343	
3. FY 97 Expenditures	1,033,773	
4. WWD's Claim	1,079,581	(A)
5. Division's Salary Adjustment (Line 4 - Line 3)	45,808	
6. Division's FICA Adjustment (7.65% of Line 5)	3,504	
7. Division's Pension Adjustment (1.99% of Line 5)	912	

Source/Explanation:

(A) CW Schedule 1.1 Page 1 of 4.

Schedule JB-3

**Woonsocket Water Division
Docket 3512
Rate Year Ending June 30, 2004
Postage Expense**

<u>Description</u>	<u>Amount</u>	
1. WWD Rate Year Claim	15,216	(A)
2. Less: Rate Case Notification Cost	(3,517)	(A) (B)
3. Division's Rate Year Position	<u>11,699</u>	

Source/Explanation:

(A) CW Schedule 1.1, Page 2 of 4.

(B) Division Recommends Funding through Rate Case Expense Account.

Schedule JB-4

**Woonsocket Water Division
Docket 3512
Rate Year Ending June 30, 2004
Sewer Assessment**

<u>FY 2003 Actual Sewer Charges</u>			
<u>Month</u>	<u>Sewer Use</u>	<u>Surcharge</u>	
1. July	-	2,169	(A)
2. August	-	2,388	(A)
3. September	14,352	6,124	(A)
4. October	-	9,372	(A)
5. November	-	4,791	(A)
6. December	24,714	4,959	(A)
7. January	-	1,685	(A)
8. February	-	1,761	(A)
9. March	7,397	3,729	(A)
10. Total Division Adjustments	<u>46,463</u>	<u>36,978</u>	<u>83,441</u>
11. Division's Estimate (Line 10 Total Annualized)			111,254
12. WWD Claim			158,360
13. Division's Adjustment			<u><u>47,106</u></u>

Source/Explanation:

(A) Response to Data Request DIV 1-25.

Schedule JB-5

**Woonsocket Water Division
Docket 3512
Rate Year Ending June 30, 2004
Insurance**

Description	WWD's Rate Year Request	Division's Rate Year Position	Division Adjustments
	(A)	(B)	
1. Insurance - Vehicles	25,500	22,174	3,326
2. Insurance - Worker's Comp	72,527	63,067	9,460
3. Insurance - Liability	91,857	79,876	11,981
4. Insurance - Group Life	6,357	5,528	829
5. Insurance - Health	346,434	301,247	45,187
6. Insurance - Dental	25,550	22,217	3,333

Source/Explanation:

(A) CW Schedule 1.0 Page 2 of 2.

(B) WWD's Rate Year Request reduced by 15% (4% for Dental)
to remove attrition allowance and to adjust to FY 2003 actual expense.

Schedule JB-6

**Woonsocket Water Division
Docket 3512
Rate Year Ending June 30, 2004
Rate Case Expense**

Description	Amount	
<u>WWD Estimate</u>		
1. Rate Filing	30,000	(A)
2. Testimony, Data Requests, Hearings	30,000	(A)
3. Division	20,000	(A)
4. Attorney General	10,000	(A)
5. Transcripts, Other	10,000	(A)
6. Total	<u>100,000</u>	
<u>Division Adjustments to Estimate</u>		
7. Division	(18,000)	(B)
8. Attorney General	(10,000)	(C)
9. Postage Expense	3,517	(D)
10. Total Division Adjustments	<u>(24,483)</u>	
11. Division's Estimate	<u>75,517</u>	
12. 5 year Amortization	15,103	(D)
13. WWD Claim	20,000	
14. Division's Adjustment	<u>4,897</u>	

Source/Explanation:

(A) CW Schedule 1.1 Page 4 of 4.

(B) Division Consultant Fees estimated at \$2000.

(C) Attorney General's Office does not bill.

(D) Division's Recommendation to Fund Rate Case Notifications from Rate Case Expense.

(E) Division's Recommended Amortization period.

Schedule JB-7

**Woonsocket Water Division
Docket 3512
Rate Year Ending June 30, 2004
Debt Service Expense**

<u>Description</u>		<u>Amount</u>	
<u>WWD Estimate</u>			
1.	1988 Bond Issue	247,143	(A)
2.	1994 Bond Issue	515,545	(A)
3.	RICWFA Bond	150,000	(A)
6.	Total	<u>912,688</u>	
<u>Division Adjustments to Estimate</u>			
7.	Division	(150,000)	(B)
11.	Division's Estimate	<u>762,688</u>	
14.	Division's Adjustment	<u>150,000</u>	

Source/Explanation:

(A) CW Schedule 1.1 Page 4 of 4.

(B) Division Recommends Funding the 2003 RICWFA Bonds through the IFR Account.

Schedule JB-8

**Woonsocket Water Division
Docket 3512
Rate Year Ending June 30, 2004
Present Rate Revenues**

<u>Description</u>		<u>Amount</u>
<u>Fire and Service Charges</u>		
1. Fire Protection Revenues		\$ 379,367 (A)
2. Service Charge Revenues		\$ 540,622 (A)
3. Subtotal		<u>\$ 919,989</u>
 <u>Metered Sales</u>		
	<u>HCF</u>	<u>Present Rate</u>
4. Metered Sales	1,830,505 (B)	\$ 1.93 \$ 3,532,875
7. Division's Calculation of Total Rates and Charges		<u>\$ 4,452,864</u>
8. WWD's Claim		\$ 4,386,677 (C)
9. Division's Adjustment		<u><u>\$ 66,187</u></u>

Sources:

(A) CW Schedule 4.0.

(B) Division's Testimony.

(C) CW Schedule 4.0.